

(c) *Termination due to willful failure.* See § 1.444-1T(a)(5)(i)(C), which provides that willful failure to comply with the requirements of this section will result in the termination of the section 444 election.

(d) *Negligence and fraud penalties made applicable.* For purposes of section 6653, relating to additions to tax for negligence and fraud, any payment required by this section shall be treated as a tax.

[T.D. 8205, 53 FR 19709, May 27, 1988]

**§ 1.7519-3T Effective date (temporary).**

The provisions of §§ 1.7519-1T through § 1.7519-3T are effective for taxable years beginning after December 31, 1986.

[T.D. 8205, 53 FR 19710, May 27, 1988]

**GENERAL ACTUARIAL VALUATIONS**

**§ 1.7520-1 Valuation of annuities, unitrust interests, interests for life or terms of years, and remainder or reversionary interests prior to May 1, 2009.**

(a) *General actuarial valuations.* (1) Except as otherwise provided in this section and in § 1.7520-3 (relating to exceptions to the use of prescribed tables under certain circumstances), in the case of certain transactions after April 30, 1989, subject to income tax, the fair market value of annuities, interests for life or for a term of years (including unitrust interests), remainders, and reversions is their present value determined under this section. For periods prior to May 1, 2009, see § 20.2031-7A for the computation of the value of annuities, unitrust interests, life estates, terms for years, remainders, and reversions, other than interests described in paragraphs (a)(2) and (a)(3) of this section.

(2) For a transfer to a pooled income fund prior to May 1, 2009, see § 1.642(c)-6A with respect to the valuation of the remainder interest.

(3) For a transfer to a charitable remainder annuity trust after April 30, 1989, see § 1.664-2 with respect to the valuation of the remainder interest. See § 1.664-4 with respect to the valuation of the remainder interest in property transferred to a charitable remainder unitrust.

(b) *Components of valuation—(1) Interest rate component—(i) Section 7520 interest rate.* The section 7520 interest rate is the rate of return, rounded to the nearest two-tenths of one percent, that is equal to 120 percent of the applicable Federal mid-term rate, compounded annually, for purposes of section 1274(d)(1), for the month in which the valuation date falls. In rounding the rate to the nearest two-tenths of a percent, any rate that is midway between one two-tenths of a percent and another is rounded up to the higher of those two rates. For example, if 120 percent of the applicable Federal mid-term rate is 10.30, the section 7520 interest rate component is 10.4. The section 7520 interest rate is published monthly by the Internal Revenue Service in the Internal Revenue Bulletin (see § 601.601(d)(2)(ii)(b) of this chapter).

(ii) *Valuation date.* Except as provided in § 1.7520-2, the valuation date is the date on which the transaction takes place.

(2) *Mortality component.* The mortality component reflects the mortality data most recently available from the United States census. As new mortality data becomes available after each decennial census, the mortality component described in this section will be revised periodically and the revised mortality component tables will be published in the regulations at that time. For transactions with valuation dates after April 30, 1989, and before May 1, 2009, the mortality component tables are contained in § 20.2031-7A.

(c) *Tables.* The present value on the valuation date of an annuity, life estate, term of years, remainder, or reversion is computed by using the section 7520 interest rate component that is described in paragraph (b)(1) of this section and the mortality component that is described in paragraph (b)(2) of this section. Actuarial factors for determining these present values are included in tables in these regulations and in publications by the Internal Revenue Service. If a special factor is required in order to value an interest, the Internal Revenue Service will furnish the factor upon a request for a ruling. The request for a ruling must be accompanied by a recitation of the facts, including the date of birth for

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each measuring life and copies of relevant instruments. A request for a ruling must comply with the instructions for requesting a ruling published periodically in the Internal Revenue Bulletin (see Rev. Proc. 94-1, 1994-1 I.R.B. 10, and subsequent updates, and §§ 601.201 and 601.601(d)(2)(ii)(b) of this chapter) and include payment of the required user fee.

(1) [Reserved] For further guidance, see § 1.7520-1T(c)(1).

(2) *Internal Revenue Service publications containing tables with interest rates between 2.2 and 22 percent for valuation dates after April 30, 1999, and before May 1, 2009.* The following publications are no longer available for purchase from the Superintendent of Documents, United States Government Printing Office; however, they may be obtained from CC:PA:LPD:PR, Room 5205, Internal Revenue Service, P.O.Box 7604, Ben Franklin Station, Washington, DC 20044:

(i) Internal Revenue Service Publication 1457, "Actuarial Values, Book Aleph," (7-1999). This publication includes tables of valuation factors, as well as examples that show how to compute other valuation factors, for determining the present value of annuities, life estates, terms of years, remainders, and reversions, measured by one or two lives. These factors may also be used in the valuation of interests in a charitable remainder annuity trust as defined in § 1.664-2 and a pooled income fund as defined in § 1.642(c)-5. See § 20.2031-7A of this chapter for publications containing tables for valuation dates before May 1, 1999.

(ii) Internal Revenue Service Publication 1458, "Actuarial Values, Book Beth," (7-1999). This publication includes term certain tables and tables of one and two life valuation factors for determining the present value of remainder interests in a charitable remainder unitrust as defined in § 1.664-3. See § 1.664-4A for publications containing tables for valuation dates before May 1, 1999.

(iii) Internal Revenue Service Publication 1459, "Actuarial Values, Book Gimel," (7-1999). This publication includes tables for computing depreciation adjustment factors. See § 1.170A-12.

(d) *Effective/applicability dates.* This section applies after April 30, 1989, and before May 1, 2009.

[T.D. 8540, 59 FR 30149, June 10, 1994, as amended by T.D. 8819, 64 FR 23210, 23229, Apr. 30, 1999; T.D. 8886, 65 FR 36928, 36943, June 12, 2000; T.D. 9448, 74 FR 21483, May 7, 2009]

### **§ 1.7520-1T Valuation of annuities, unitrust interests, interests for life or terms of years, and remainder or reversionary interests on or after May 1, 2009 (temporary).**

(a) *General actuarial valuations.* (1) Except as otherwise provided in this section and in § 1.7520-3 (relating to exceptions to the use of prescribed tables under certain circumstances), in the case of certain transactions after April 30, 1989, subject to income tax, the fair market value of annuities, interests for life or for a term of years (including unitrust interests), remainders, and reversions is their present value determined under this section. See § 20.2031-7T(d) (and, for certain prior periods, § 20.2031-7A) for the computation of the value of annuities, unitrust interests, life estates, terms for years, remainders, and reversions, other than interests described in paragraphs (a)(2) and (a)(3) of this section.

(2) For a transfer to a pooled income fund on or after May 1, 2009, see § 1.642(c)-6T(e) (or, for certain prior periods, § 1.642(c)-6A) with respect to the valuation of the remainder interest.

(3) [Reserved] For further guidance, see § 1.7520-1(a)(3).

(b)(1) [Reserved] For further guidance, see § 1.7520-1(b)(1).

(2) *Mortality component.* The mortality component reflects the mortality data most recently available from the United States census. As new mortality data becomes available after each decennial census, the mortality component described in this section will be revised periodically and the revised mortality component tables will be published in the regulations at that time. For transactions with valuation dates on or after May 1, 2009, the mortality component table (Table 2000CM) is contained in § 20.2031-7T(d)(7). See § 20.2031-7A for mortality component tables applicable to transactions for which the valuation date falls before May 1, 2009.